

CHAPTER 3

Dadra & Nagar Haveli

3.1 Dadra & Nagar Haveli was liberated from the Portuguese in 1954. Silvassa, the capital of Union Territory of Dadra & Nagar Haveli is located at a distance of 30 kms of Daman. It is in close proximity to the Mumbai-Vadodara National Highway and is located at a distance of 180 kms from Mumbai and 120 kms from Surat. Dadra has two villages and is separated from Nagar Haveli by 3 kms of the territory of the State of Gujarat. The Union Territory has an area of 491sq.Kms and is mostly inhabited by tribals. The Union Territory is predominantly rural and it has a forest cover comprising almost 40% of the total area.

3.2 The Portuguese took over this territory on 17th December 1779 (this group of 72 villages) by virtue of a friendship treaty signed between them and the Marathas. In 1954 Goan nationalist leaders took control of Dadra. Subsequently they also took over Nagar Haveli. From 1954 to 1961 it was a free state or Mukht Pradesh and was finally merged in the Indian Union in 1961.

3.3 The U.T. is mostly on hilly terrain especially the portion located in the Western Ghats. The central region is almost a flat plain and here the soil is fertile. The forest cover is spread over 20,000sq.hectares in the Union Territory and the main produce is teak and Khairwood. These are very valuable timber. Agriculture is the main occupation and the cultivators are the local tribals. The Government has also been encouraging setting up industrial units in the territory. A number of Industrial estates have been set up in Masat, Khadali and Piparia. A number of concession had been announced over the years and these attracted many large units including those of multinational companies.

3.4 Dadra and Nagar Haveli have immense potential as a tourist resort for city dwellers who would like to explore its sylvan beauty. The beautiful gardens and lakes as well as its flora capture its serene scenic beauty.

3.5 Amongst the tribes, the largest in number are the Varlis followed by the Dhodia and Kokna tribes. The Dhodias are concentrated in the northern part of the UT while the Koknas are settled along the foothills of the Western Ghats. The tribes were initially involved in agriculture but are slowly taking to other professions helped by educational opportunities, improved communication and economic growth in the Union Territory after industrialisation gathered momentum.

3.6 The tables 3-A and 3-B below gives a statistical and demographic profile of the Union Territory of Dadra & Nagar Haveli.

TABLE 3-A

A statistical and Demographic Profile of Dadra & Nagar Haveli

Data of formation	1987
Area	491 Sq. Kms
Latitude	20-0' to 20-25' North
Longitude	72-50' to 73-15' East
Capital	Silvassa
No. of Districts	1
No. of Municipality	1
Average Rainfall	2500 mm
Temperature	
Language Spoken	Hindi, Gujarati, Bhili, Bhilodi
Religions	Hinduism, Christianity, Islam & others

TABLE 3-B

Total Population (2001)	220490
Males	121,666
Females	98,824
Population Growth Rate	
Population Density	449 per sq. Km
Sex Ratio	812 females per 1000 males
Sex Ratio (0-6 years)	972 females per 1000 males
Literacy Rate (2001)	57.63%
Female Literacy Rate (2001)	40.23%
Per capita income (02-03)	
Population below	33.2
Poverty line (%) (2004-05)	
Infant Mortality Rate (2007)	18
Access to Safe Drinking Water	77.0%

3.7 As mentioned earlier Dadra & Nagar Haveli consists of 72 villages and these are grouped into a single Taluk. It is also one district. These 72 villages have been divided into 11 Patelads for the purpose of revenue administration. There are two towns Silvassa and AmlI. An Administrator heads the civil administration. A Collector has been appointed for the district and is stationed in the Headquarters Silvassa. A Police officer of the rank of DIG is there to enforce law and order. A civil secretariat is located in Silvassa and all the departments have also been set up to provide for regulatory and developmental functions in the Union Territory.

3.8 The table 3-1 below shows the major sources of revenue for the UT Administration. As it is a UT without a legislature the entire expenditure as well as revenue collection is a part of the consolidated fund of the Union Government.

TABLE 3-1

Major Revenue Sources

(Rs. in Crores)

Sr. No.	Major Head	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	B.E. 2009-10
1	Stamps & Registration	1.90	2.03	2.19	2.87	4.16	8.93	6.66	5.00
2	State Excise	0.74	0.74	0.87	1.19	1.37	1.66	2.30	1.70
3	Sales Tax	56.55	77.29	107.70	157.45	185.91	226.36	244.53	260.00
4	Taxes on Vehicles	4.43	6.15	6.35	7.70	8.90	11.85	9.65	9.50
5	Power	79.01	91.84	116.92	111.89	43.87	41.09	62.88	00
6	Other Receipt	2.20	2.73	3.04	3.24	3.73	3.93	5.96	6.17
	Total...	144.83	180.78	237.07	284.34	247.94	293.82	331.98	282.37

* Though the B.E. 2009-10 is only Rs. 282.37 Crores, it is planned to enhance it to Rs. 462.37 Crores by generating additional revenue of Rs. 180 Crores from Power Sector.

3.9 The major sources of revenue for the Union Territory is Sales Tax followed by power and tax on vehicles. Sales Tax revenues over the year have shown consistent and sustained buoyancy. However, the same cannot be said about revenue received from power. They hit a peak of Rs. 116.92 crores in 2004-05 but after that they fell to Rs. 41.09 crores in 2007-08. They subsequently increased a little to Rs. 62.88 crores in 2008-09.

3.10 The resource base for the Union Territory is focused totally on sales tax and the collections from the power sector. Hence whenever the economic situation is uncertain raising resources tends to be rather sluggish. A rethink on widening the tax base may be a useful exercise to undertake for the

UT administration. Unfortunately, the non-tax revenues have shown a decline. This is certainly not warranted and the UT administration should ensure that the non-tax revenues are boosted primarily through strict compliance and appropriate levy of user charges. The revenue receipts from the power sector are showing a downward bias and these needs to be reversed. A review of the entire sector needs to be undertaken since such a downward trend in the collections of revenues in nominal terms from the power sector is strange and unacceptable.

3.11 Table 3-2 shows the trends in the growth rate of the tax revenues as well as the non-tax revenues for the Union Territory. Both tax and non-tax revenue growth of the Union Territory show extreme volatility and wide year to year fluctuations.

TABLE 3-2
Tax and Non-tax Revenue of UT Administration (Dadra and Nagar Haveli)

(Rs. in crores)

Year	Own Revenue			
	Tax Revenue	Annual Growth Rate in Tax Revenue	Non-Tax Revenue	Annual Growth Rate in Non-Tax Revenue
2002-03	63.62	-	81.21	-
2003-04	86.21	35.51	94.57	16.45
2004-05	117.11	35.84	119.96	26.85
2005-06	169.21	44.49	115.16	-4.00
2006-07	200.34	18.40	47.6	-58.67
2007-08	248.8	24.19	45.02	-5.42
2008-09	263.14	5.76	68.84	52.91
2009-10	276.2	4.96	6.17	-91.04

Source: Communications from UT administration to the Finance Commission

3.12 Moving on from the revenue side to the expenditure side of the Union Territory administration's fiscal position, it is seen that the Plan expenditure has increased three-fold over the last seven years. However, the non-plan expenditure has increased at a faster pace than the plan. It has risen astronomically by over six times in the last seven years. This is shown in Table 3-3 and Table 3-4. The total revenue collected in the UT vis-à-vis the total amount spent on both the Plan and Non-Plan expenditure has been reduced to a small fraction. It was a high as 39.39% in 2002-03 and for the current year the projected revenue to be earned is a mere 13.82% of the total expenditure. In other words, the fiscal autonomy of the UT administration is on the decline. Still it needs to be

mentioned that as the revenues collected in the UT goes to the consolidated fund, the fiscal autonomy by its strict definition does not make sense for the UT.

TABLE 3-3

Plan and Non-Plan Budget of Dadra & Nagar Haveli

(Rs. in Crore)

Year	Plan	Non-Plan	Total Budget	Plan as % to Total	Non-Plan as % to Total	Plan as % of Non-Plan
2002-03	56.13	311.49	367.62	15.27	84.73	18.02
2003-04	55.76	396.3	452.06	12.33	87.67	14.07
2004-05	59.09	434.28	493.37	11.98	88.02	13.61
2005-06	64.91	553.79	618.71	10.49	89.51	11.72
2006-07	70.39	738.04	808.43	8.71	91.29	9.54
2007-08	99.98	883.45	983.43	10.17	89.83	11.32
2008-09 RE	111.03	1379.19	1490.22	7.45	92.55	8.05
2009-10 BE	153.68	1888.67	2042.35	7.52	92.48	8.14

Source: Communications from UT administration to the Finance Commission

TABLE 3-4

Growth in Plan and Non-plan allocation of UT Administration (Dadra and Nagar Haveli)

(Rs. in Crore)

Year	Plan	Annual Growth Rate in Plan Budget	Non-Plan	Annual Growth Rate in Non-Plan Budget
2002-03	56.13		311.49	
2003-04	55.76	-0.66	396.3	27.23
2004-05	59.09	5.98	434.28	9.58
2005-06	64.91	9.85	553.79	27.52
2006-07	70.39	8.44	738.04	33.27
2007-08	99.98	42.03	883.45	19.70
2008-09 RE	111.03	11.05	1379.19	56.11
2009-10 BE	153.68	38.41	1888.67	36.94

Source: Communications from UT administration to the Finance Commission

3.15 The next table 3-5 shows the Plan Allocation over the last few years. It also shows the proposed allocation and the actual expenditure. The deviation between the two is negligible and the fund utilization ratio is above 99 per cent. Even in 2009-10, by the month of August the fund utilization ratio is 33.6 per cent.

TABLE 3-5
Plan Allocation for Dadra & Nagar Haveli

Year	Proposed Allocation	Actual Allocation	Expenditure	(Rs. in Crore)
				Percentage Utilization
2002-03	121.93	65.5	56.13	99.35
2003-04	67.72	56	55.76	99.57
2004-05	68.58	59.11	59.09	99.97
2005-06	77.68	65.01	64.91	99.85
2006-07	95.04	70.42	70.4	99.97
2007-08	232	100	99.8	99.80
2008-09	261.31	111.03	111	99.97
2009-10	518.35	153.68	51.65	33.61

Source: Representative of UT Administration to the Commission.

Note: Figures Pertaining to 2009-10 are upto 15th August 2009.

3.16 Table 3-7 shows the sectoral allocation of Plan to different sectors. Going through the outlay for the current year it is seen that the bulk of the Plan outlay is for the social services sector followed by the transportation sector and the energy sector. The allocations for rural development and agriculture sectors are rather low.

TABLE 3-6

STATEMENT SHOWING THE PROPOSED OUTLAY AND ALLOCATION DURING THE YEAR 2009-10

		(Rs. in Crore)	
Sl. No.	SECTOR	PROPOSED OUTLAY	AIIOCATION 2009-10
1	RURAL DEVELOPMENT	14.33	5.41
2	AGRICULTURE	6.78	4.35
3	IRRIGATION AND FLOOD CONTROL	11.79	3.10
4	ENERGY	55.53	18.59
5	SOCIAL SERVICES (EDUCATION, HEALTH, ART & CULTURE, WATER, SUPPLY, SANITATION, HOUSING, SOCIAL WELFARE ETC)	244.56	75.76
6	TRANSPOSRT	91.97	35.11
7	GENERAL ECONOMIC SERVICES (Tourism & Others)	26.91	2.06
8	SCIENCE, TECHNOLOGY AND ENVIRONMENT	25.61	4.16
9	INDUSTRY AND MINERALS	12.22	0.69
10	GENERAL SERVICES	28.65	4.45
	TOTAL	518.35	153.68

Source: Representative of UT Administration to the Commission.

3.17 The statement at Table 3-8 is depicting the Balance from current revenue (BCR) over the years. BCR has maintained a surplus consistently, though it fluctuated considerably during this period. In the year 2002-03, there was a positive surplus of Rs. 104.09 crores and it rose to a high of Rs. 236 crores before falling to a surprisingly low figure of Rs. 5.21 crores. In the current year the administration has estimated a relatively high BCR of Rs. 190.95 crores on the back of proposed extraordinarily high recoveries.

TABLE 3-7

Statement Showing Balance from Current Revenue (BCR) for Dadra & Nagar Haveli

Detail	(Rs. In Crores)							
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Non-Plan Expenditure	311.5	396.3	434.28	553.79	738.04	883.45	1379.17	1888.97
Recoveries	270.74	351.37	387.04	504.18	687.08	826.48	1052.4	1797.25
Revenue Receipts	144.83	180.78	237.07	284.35	247.94	293.82	331.98	282.37
BCR (+ Surplus/ Deficit)	104.07	135.85	189.83	234.74	196.98	236.85	5.21	190.95
Plan Expenditure	56.13	55.76	59.09	64.91	70.4	99.98	111	153.68

Source: Representation of UT Administration to the Commission

3.18 The problem area appears to be very high non-plan expenditure of Rs. 1379.17 crores in 2008-2009 and it is estimated that it will escalate to Rs. 1888 crores in the current year. The recoveries done by administration had worked out to over Rs. 1052 crores in 2008-2009. In the current year they hope to collect recoveries and arrears to the order of Rs. 1797 crores. This has skewed the entire focus of the budget from the Plan expenditure to the non-plan expenditure and has led to a collection drive for recovering these dues. The Plan expenditure has been totally dwarfed by these activities. Serious attention is required to ameliorate this rather anomalous and rather precarious fiscal predicament.

3.19 A two tier Panchayat Raj System is functional in the UT of Dadra & Nagar Haveli. With the 73rd and 74th amendment of the Constitution, the present system has come into existence since 1995. First elections were held in 1995 and the last elections were held in 2005.

3.20 Twenty nine functions have been transferred to the District Panchayat and all schemes under these schemes have also been transferred. To make the exercise more meaningful the staffs posted for the implementation of these schemes have also been transferred from their parent department to either the District or Village Panchayat implementing the scheme. But most of these functionaries have however been transferred in a diverted capacity.

3.21 The table 3-9 below lists the subjects transferred to the Panchayats, the schemes transferred as well as the officers transferred to implement the schemes.

TABLE 3-8
Functions and Functionaries Devolved to PRIs

Sr. No.	Subject Listed in the XIth schedule of the Constitution	Schemes under the respective subjects devolved to PRIs	Functionaries devolved to Panchayat	
1.	Community Development	1. Provision Maintenance and regulation of burial and burial grounds. 2. Regulation by licensing or otherwise of tea, coffee and milk shops and other shops where eatables are saved. 3. Construction and maintenance of public latrines. 4. Maintenance of all community assets. 5. Construction of low rent house for family with yearly Income of Rs. 1000/- 6. Numbering of premises. 7. Non-conventional energy sources. 8. Arrangements, maintenance and regulation of fairs. 9. Construction, maintenance and control off tanga stand, cart stands, and washing ghats and cattle ponds. 10. All Community Development Schemes	1 1 1 1 5 1 3 14 1 1 1 15 2 2 49	BDO AAO Sup. Coordr. Accountant Ext. Officer Investigator UDC's LDC's Hindi Translator Hindi Typist Supervisor Gram Sevaks Junior Engineer Peon
2.	Agriculture	1. <u>Distribution of improved seeds, manure and fertilizers.</u> Identification of beneficiaries will be done by the Panchayats/ Gram Sevaks of the Community Development will distribute the seeds and fertilizers and recover the	2 2 4	Extension Officers Tractor Drivers

		<p>loan amount from the beneficiaries and will keep all the account and records. The loan amount should be deposited in the account head of Agriculture Department and should not be retained by the Panchayats.</p> <p>2. Promotion and use of improved Agriculture implements & making such implements easily available.</p> <p>3. Loan & Subsidy for Commercial Crops to farmers.</p> <p>4. Grant of incentives for Commercial Crops to farmers.</p> <p>5. Agriculture Marketing Centre at Dudhani, Khanvel, Mandoni & Dadra.</p>		
3.	Animal Husbandry	<p>1. Establishment & maintenance of markets, slaughter Houses and other works of public utility.</p> <p>2. Improvement of cattle and cattle breeding and general care of livestock.</p> <p>3. Management of first Aid Veterinary Centers.</p> <p>4. Purchase of medicines.</p>	<p>1</p> <p>7</p> <hr/> <p>8</p>	<p>Vet. Officer</p> <p>Stockman</p>
4.	Primary Education/ Secondary Education	<p>Promotion of Primary Education and assistance in improvement of Primary Education from schools.</p> <p>The entire fund, functionaries and infrastructure relating to Primary Education from I to VII std. is transferred to district Panchayat.</p>	<p>1</p> <p>4</p> <p>1</p> <p>2</p> <p>4</p> <p>7</p> <p>26</p> <hr/> <p>545</p> <p>590</p>	<p>Education Officer</p> <p>Asst. Education Officer</p> <p>Asst/HC</p> <p>UDC's</p> <p>LDC's</p> <p>Peon</p> <p>Head Master</p> <p>Asst. Teachers</p>
5.	Electricity / Rural Electrification	<p>1. <u>Maintenance of street lights.</u></p> <p>The Panchayat may create 12 posts of Linemen in the scale of Rs. 3050 - 4500 for maintenance of street lights.</p>	<p>1</p> <p>26</p> <p>23</p> <hr/>	<p>Junior Engineer</p> <p>Wireman (Daily Wages)</p> <p>Helper (Daily Wages)</p>

		<p>2. <u>Release of Kutir Jyoti connection and its Maintenance</u> Collection, sanction and release of single/Double point connections to lower income group consumers under Kutir Jyoti Programme.</p> <p>3. Realization of electricity charges with respect to all single/ double point connections will be carried out by Panchayat and amount so realized shall be deposited with Electricity Department promptly. However, extension of distribution line where ever required will continue to be carried out by Electricity Department</p>	50	
6.	Drinking Water	Construction and Maintenance of Rural Drinking Water Supply Scheme.	1	Ex. Engineering
			5	DE
			1	Research Officer
7.	Roads, Culverts, Bridges, Ferries, Water Ways and other means of Communication	Construction repairs and maintenance of village roads, bridge and drainages.	1	DA
			6	UDC's
			8	LDC's
8.	Minor Irrigation, Water Management and Watershed Development	Construction of minor irrigation and maintenance of Sub-Canals of lift irrigation and digging of wells and tanks for the same.	3	Draftsman's
			1	Steno
			21	JE
			11	Tech. Asst.
			1	Wiremen
			1	Daftary
			1	Barkandaz
			1	Chowkidar
			6	Peon
			3	Attendant
			1	Messenger
			1	Watchman
			1	Helper
			6	Driver
			80	
9.	Welfare of Weaker Section & in particular the SCs/ STs	1. Financial Assistance to Sick persons of weaker section.		Hostel Superintendent

		2. Special Educational Programme. 3.15 Social Welfare Hostels.		
10.	Soil Conservation	<u>Lands Improvement Scheme</u> Identification of beneficiaries to be done by Panchayats/ Gram Sabha with the help of Agriculture Assistants refers the cases of selected beneficiaries to soil conservation Department.	2 2 4 5 7 25 4 5 1 <hr/> 55	SDSCO UDC's LDC's Agri. Supervisor Draftsman Agri. Asst. Driver Peon Cleaner
11.	Fisheries	All the schemes under the subject is implemented by Vet. Officer, District Panchayat.		The staff of Animal Husbandry will look after this work.
12.	Social Forestry and Farm Forestry	1. Creation of green Belt in Industrial Area. 2. Distributing seeding, celebration of Van Mahotsava & training of tribal farmers.	1 <hr/> 3 4	RFO – Addl. Duty Forester Forest Guard
13.	Minor forest produce	The tribals of the Territory have been given the rights over Minor Forest Products by extending Gujarat State Laws on Minor Forest Produce.		---
14.	Small Scale Industries including Food Processing Industries	1. Assistance to local bodies for development of Cottage & Small Scale Industries for Self employment. 2. Promotion of industries by way of providing infrastructure like roads, sanitation in their respective jurisdiction. 3. Monitoring and assistance to village Panchayat in providing infrastructure.	1	LDC

15.	Khadi village and cottage Industries	The U.T. of Dadra Nagar Haveli does not have any authority is devolve this subject. Hence, the matter of devolution of powers is being referred to KVIC, New Delhi.		---
16.	Rural & Fodder	This subject is fully devolved to District Panchayat.		Addl. Duty to DPO's Staff
17.	Fuel & Fodder	1. Fuel wood and Small Timber Plantation. 2. Fuel plantation and fodder development. 3. Awareness building of fuel efficient devices and improved fodder species.		Staff of Farm and Forestry will look after the function.
18.	Non Conventional Energy Sources	This subject is fully devolved to District Panchayat.		Staff of Development & Planning Department will look after this work.
19.	Poverty Alleviation Programme	This subject is fully devolved to District Panchayat.		---do---
20.	Technical Training and Vocational Education	1. Promotion and identification of suitable vocational courses. 2. Promotion of rural artisan and vocational training. 3. Encouraging and assisting rural vocational training centres.		One Technical Instructor will assist District Panchayat on this subject.
21.	Adult & Non Formal Education	1. Promotion of adult literacy 2. Implementation of adult literacy. 3. Co-ordination & Monitoring of the Scheme. 4. Project formulation & Promotion of adult literacy. 5. Planning and implementation of programme of adult literacy and non formal education.		Staff of Primary Education will handle this work.
22.	Libraries	1. Establishment & Maintenance of libraries & reading rooms. 2. 09 (Nine) Village Libraries are transferred to concerned Village Panchayats.	1	Asst. Libraries
23.	Cultural Activities	1. Promotion of Folk Culture by organizing cultural programme. 2. Promotion of Handicraft. 3. Promotion of social and cultural activities.		Staff of Social Welfare Department will look after this work.

24.	Market and Fairs	This subject is fully devolved to district Panchayat.		Staff of Development & Planning Department will look after this work.
25.	Health & Sanitation, including Hospitals, Primary Health Centers and Dispensaries.	<ol style="list-style-type: none"> 1. 36 Nos. of Rural Sub-Centers to be transferred to District Panchayat along with 36 Health Workers. 2. Planning of Rural Sanitation programme, garbage collection and disposal incentive for awareness generation, awards, etc. 3. Construction and of maintenance for public latrines. 4. Maintenance of general sanitation. 5. Cleaning of public road, drains, tanks, wells, public places. 6. Maintenance and regulation of burning and burial grounds. 7. Disposal of unclean corpses and carcasses. 8. Management and control of washing and bathing gats. 9. Coordination village Panchayats. 	$\frac{1}{36}$ <hr/> 37	Sr. Medical Officer MPW (F)
26.	Family Welfare	<ol style="list-style-type: none"> 1. Maternity Child Welfare family Planning and public awareness Programmes 2. National Programmes for Adolescent girls and pregnant mothers (NPAG). 3. National Maternity Benefit Scheme 		Staff of PHCs will look after this work.

27.	Woman & Child Development	<ol style="list-style-type: none"> 1. Vocational Training to Women and home Management Courses. (Vocational Training to Women Tailoring Course). 2. Welfare of Children in need of care and protection. 3. Centrally Sponsored ICDS Scheme. <ul style="list-style-type: none"> ❖ Special repair to Anganwadi Centre ❖ Construction of Pakka anganwadi Centres. 4. Supplementary Nutrition Programme. 5. Wheat based Nutrition Programme. 6. Kishori Shakti Yojana (Adolescent girl's Scheme) 7. Pradhan Mantri Gramodaya Yojana. 8. Pilot Project on Pregnant/ Lactating Mothers & Adolescent girl's Scheme. 	<p>2 2 4 11 <hr/>2 21</p>	<p>CDPO Stat. Asst. LDC Female Supervisor Peon</p>
28.	Social Welfare including welfare of the handicapped & mentally retarded	<ol style="list-style-type: none"> 1. Financial assistance to blind, aged, infirm persons and widow and divorced women. 2. Scholarship to Physically handicapped Students. 3. Assistance to voluntary organization. 4. Vocational training for Women. 		Staff of CPPO will look after this work.
29.	Public Distribution	1. Monitoring the public		Staff of DPO will

		Distribution system. 2. Co-ordination & Monitoring of the schemes. 3. Identification of Beneficiaries through village Panchayat. 4. Verification of cards. 5. Assessment & management For the release of festival quota in the consultation with District Panchayat. 6. Public awareness through village Panchayat.		handle this work.
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Source: Communication of UT Administration of Dadra & Nagar Haveli to the Finance Commission.

3.22 Keeping pace with the devolution of function and functionaries to the Panchayati Raj institutions an effort was also made to devolve finances for effective implementation of these schemes. The table 3-10 below lists the funds under various heads of expenditure which are devolved to the District Panchayat under the Plan and Non-Plan heads. Though miniscule compared to the budget of the UT administration nevertheless some progress has been made in devolving funds to the District Panchayats in Dadra Nagar Haveli. The Panchayats are implementing the schemes through the officials transferred to them. There is a Chief Executive Officer (a civil servant) who is the administrative head for implementing all schemes devolved under the Panchayati Raj institutions.

3.23 There is also a District Planning Committee for Dadra and Nagar Haveli which is headed by the President of the Districts Panchayat and its Member-Secretary is the Chief Executive Officer of the District Panchayat. In effective implementation & monitoring of the schemes there are three important committees in the District Panchayat. There is a Finance Committee, a Works Committee and an Education Committee.

TABLE 3-9

(Rupees in Lakhs)

Scheme/Head of Development	Budget Head	Sector	Year								
			2005-2006			2006-2007			2007-2008		
			Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Other Rural Development Programme	2515	District/ Village Panchayat	102.55	44.50	147.05	112.48	41.50	153.98	236.00	44.50	280.50
Welfare SC, ST & OBC's	2225	District/ Village Panchayat	0	0	0	0	0	0	50.00	55.00	105.00
Diary Development	2404	---do---	1.00	0	1.00	1.00	0	1.00	1.00	0	1.00
Animal Husbandry	2403	---do---	0	0	0	2.00	0	2.00	10.00	0	10.00
Soil & Water Conservation	2402	---do---	0	0	0	0	0	0	80.00	0	80.00
Power	2801	---do---	50.00	73.00	123.00	70.00	75.00	145.00	150.00	120.00	270.00
General Education	2202	---do---	414.00	90.00	504.00	453.00	60.00	513.00	586.50	139.00	725.50
Social Security and	2235	---do---	0	0	0	0	0	0	82.00	10.00	92.00
Welfare Road and Bridges	3054	---do---	150.00	60.00	210.00	165.00	60.00	225.00	450.00	88.00	538.00
Water Supply and Sanitation	2215	---do---	236.00	40.00	276.00	260.00	45.00	305.00	410.00	80.00	490.00
Minor Irrigation	2702	---do---	70.00	40.00	110.00	77.00	44.00	121.00	95.00	65.00	160.00
Total...			1023.55	347.50	1371.05	1140.48 .00	325.50	1456.98	2150.50	601.50	2752.00

Source: Communication of UT Administration of Dadra & Nagar Haveli to the Finance Commission.

3.24 The table 3-11 below shows the grants given to the local bodies from the UT budget. These include grants to the district Panchayat, the Village Panchayat and by way of comparison to the Municipality. It can be seen that devolution to both the District Panchayat and Silvassa Municipality is increasing over the last few years. There is however no increase in the grants to the village Panchayat. This has been fixed at Rs. three lakhs per Village Panchayat on the recommendations of the Finance

Commission. The percentage increase in grants to the District Panchayat and the Municipality is enormous but that is primarily due to the low base effect. Compared to the total funds available with the UT administration this amount pales into insignificance. However, a beginning has been made and to take the process forward, more funds need to be devolved to the local self-government institutions, especially the lowest tier, i.e., Village Panchayats. The Village Panchayat should get more grants if they have to perform their obligatory functions in a meaningful manner.

TABLE 3-10

Devolution of Resources to Local Bodies (Panchayats / Municipalities) by the UT Administration:

(Rupees in Lakhs)

Year	Tax Devolution			Grants		
	District Panchayat	Village Panchayat	Municipalities	District Panchayat	Village Panchayat	Municipalities
2003-03*	0	0	0	569.90	34.50	NA
2003-04*	0	0	0	1104.90	34.50	NA
2004-05*	0	0	0	1108.62	34.50	NA
2005-06	0	0	0	1336.55	34.50	44.00
2006-07	0	0	0	1434.48	31.50	77.00
2007-08	0	0	0	2707.50	34.50	455.00
2008-09	0	0	0	4065.00	34.50	1303.00

Source: Communication of UT Administration of Dadra & Nagar Haveli to the Finance Commission.

N.B.:-

1. The entire Revenue Receipts collected by the UT Administration are credited to the consolidated fund of India.

Grants-in-Aid to Panchayats and Municipality are being given from the regular budget of the UT of Dadra and Nagar Haveli as approved by Government of India.

2. * Silvassa Municipal Council started functioning in the year 2005-06.

3.25 Table 3-12 shows the resources and expenditure profile of the District Panchayat over the last seven years. Development expenditure has increased from a shade below Rs.5 crores in 2002-03 to almost Rs.34 crores in 2008-09. Although, in nominal term, this increase in the volume of expenditure is noteworthy. Table 3-13 shows the annual rate of growth in the devolution of grants. However, a lot more needs to be done to make the Panchayats perform effectively and usefully to serve the needs of the local people. However, a glance at the low establishment/administrative expenses does not mean a highly efficient and low cost administration but simply that the vast majority of the staff are working in a diverted capacity and the cost related to the expenditure on staff is reflected in the UT budget. In fact, the UT administration in its presentation to the Commission wants a large scale creation of posts for good management of the administrative, technical,

financial and accounting functions of the District Panchayats. A proposal has been sent to the Home Ministry to create 69 posts for the District Panchayats. The working arrangement being currently followed is that the UT administration is releasing all grants-in-aid to the District Panchayat with the staff working in a diverted capacity, which creates hindrance when it comes to assignment and accountability.

TABLE 3-11
Resources and Expenditure of PRIs

(Rupees in Lakhs)

Year	Expenditure		District Panchayats						Sources of Capital Receipts (Specify)		
	Revenue	Capital	Sources of Revenue							Source	Amount
			Own Revenue		Assignment of Taxes	Devolution of Tax Revenue ¹	Grants in Aid	Others			
			Tax	Non-Tax							
2002-03	496.99	0	0	0	0	0	569.90	0	0	0	
2003-04	1056.33	0	0	0	0	0	1104.90	0	0	0	
2004-05	1114.80	0	0	0	0	0	1108.62	0	0	0	
2005-06	1258.89	0	0	0	0	0	1336.55	0	0	0	
2006-07	1533.86	0	0	0	0	0	1434.48	0	0	0	
2007-08	2425.65	0	0	0	0	0	2707.50	0	0	0	
2008-09	3397.94	0	0	0	0	0	4065.00	0	0	0	

Source: Communication of UT Administration of Dadra & Nagar Haveli to the Finance Commission.

N.B.:- The entire Revenue Receipts collected by the UT Administration are credited to the consolidated fund of India and Grants-in-Aid to Panchayats are released by the UT Administration from the regular budget.

TABLE 3-12

Grants to the Local Bodies from the UT Budget (Dadra & Nagar Haveli)

(Rs. In Lakhs)

Year	Grants						Total
	District Panchayat	Annual Growth Rate in Grants to DP	Village Panchayat	Annual Growth Rate in Grants to VP	Municipalities	Annual Growth Rate in Grants to MC	
2002-03	569.90		34.50		0.00	-	604.40
2003-04	1104.90	93.88	34.50	0.00	0.00	-	1139.40
2004-05	1108.62	0.34	34.50	0.00	0.00	-	1143.12
2005-06	1336.55	20.56	34.50	0.00	44.00	-	1415.05
2006-07	1434.48	7.33	31.50	-8.70	77.00	75.00	1542.98
2007-08	2707.50	88.74	34.50	9.52	455.00	490.91	3197.00
2008-09	4065.00	50.14	34.50	0.00	1303.00	186.37	5402.50

Source: Communication of UT Administration of Dadra & Nagar Haveli to the Finance Commission.

3.26 Table 3-14 shows the relative importance of local bodies expenditure vis-a-vis expenditure of the UT Administration. As evident from the Table, local bodies expenditure as a percentage of UT administration increased from 2.04 per cent in 2002-03 to 3.83 per cent during the period from 2002-03 to 2008-09. Although, the relative insignificance of the local bodies expenditure is reflected in this ratio, it is important to note that it has been increasing over the years. However, when it comes to village Panchayats, their share in total expenditure is declining. In other words, within the decentralised structure, the village Panchayats still continue to be of least importance when it comes to their share of expenditure compared with the District Panchayats.

TABLE 3-13

Expenditure of UT Administration and Different Tiers of Local Bodies of Dadra and Nagar Haveli

		(Rs in Lakhs)						
		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
1)	Expenditure of UT Administration	31150	39630	43428	55379	73804	88345	137917
2)	Expenditure incurred by Local Bodies	636.91	1204.57	1277.02	1483.57	2007.31	3069.87	5276
	<i>2 as % of 1 of which</i>	<i>2.04</i>	<i>3.04</i>	<i>2.94</i>	<i>2.68</i>	<i>2.72</i>	<i>3.47</i>	<i>3.83</i>
3)	District Panchayat	496.99	1056.33	1114.8	1258.34	1533.83	2425.65	3398.44
	<i>3 as % of 1</i>	<i>1.60</i>	<i>2.67</i>	<i>2.57</i>	<i>2.27</i>	<i>2.08</i>	<i>2.75</i>	<i>2.46</i>
4)	Village Panchayats	139.92	148.24	162.22	198.01	233.46	225.31	290.75
	<i>4 as % of 1</i>	<i>0.45</i>	<i>0.37</i>	<i>0.37</i>	<i>0.36</i>	<i>0.32</i>	<i>0.26</i>	<i>0.21</i>
5)	Municipal Corporations	0	0	0	27.22	240.02	418.91	1586.81
	<i>5 as % of 1</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.05</i>	<i>0.33</i>	<i>0.47</i>	<i>1.15</i>

Source: Communications and Representation of UT Administration to the Commission

3.27 Table 3-15 shows the disaggregated expenditure pattern of the District Panchayats across various functional heads. As evident from the Table, the major share of expenditure of District Panchayats is on social and economic services, especially in primary education, roads and bridges and water supply and sanitation. The low share of salary expenditure in total is misleading as most of the staff are working in diverted capacity. In this context, it needs to be mentioned that, to complicate matter, the position of the Village Panchayats is even worse. Staff who already are working in a diverted capacity in the District Panchayat are also executing the work at the Village Panchayat level. It was brought to Commission's notice that presently, there is only a lone LDC who is working as Panchayat Secretary. To carry forward the process of decentralization, it is critical that more functionaries are made available to the District and Village Panchays so that funds devolved can be utilized effectively.

TABLE 3-14

Expenditure Pattern of District Panchayat of Dadra & Nagar Haveli

Heads	(Rs. In Lakhs)						
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Establishments/ Administrative Expenses							
Salaries	3	3.13	3.46	3.55	3.76	3.97	4.03
Office Expenses	7	6.87	6.54	6.45	6.24	6.03	5.47
Total	10	10	10	10	10	10	9.5
Developmental Expenditure							
Welfare of SC, ST & OBC	0	0	0	0	0	105	70.07
Soil & Water Conservation	0	0	0	0	0	80	90
Animal Husbandry	1.12	0.8	0	2	0	12	8
Dairy Development	1.15	0.35	1	1	1	1	1
Other Rural Development Programmes	56	56	201	105	102	112.45	236
Power	25.1	44.9	104.1	53.83	198.25	242.9	184.14
Elementary Education	159.11	459.83	507.67	501.46	509.47	601.25	987
Social Security & Welfare	0	0	0	0	0	82	18.33
Roads & Bridges	12.51	41.91	121.58	201.73	228	531.38	690.13
Minor Irrigation	51	81	73.69	88.89	139.77	142.69	232.34
Water Supply & Sanitation	181	216.54	191.76	297.43	334.89	381.43	757.93
Total	486.99	1046.33	1104.8	1248.34	1523.83	2415.65	3388.94
Grand Total	496.99	1056.33	1114.8	1258.34	1533.83	2425.65	3398.44

Source: Communication of UT Administration of Dadra & Nagar Haveli to the Finance Commission.

3.28 We also need to understand the fiscal profile of the village panchayat to arrive at a meaningful rationale for the quantum of resources to be devolved to the Panchayats. Table 3-16 shows the revenue receipt of all the Village Panchayats collectively, although there are inter-Panchayat differences in revenue mobilization. As evident from the Table, main source of revenue is the house tax constituting around 95 per cent of the total revenues collected by the Panchayat. In this context, it needs to be mentioned that grants-in-aid to the Panchayats is static and this is not a very healthy situation. The heartening feature is that the tax revenue of the Panchayat is gradually increasing over the years though the collection of non-tax revenues is not very encouraging.

TABLE 3-15

Own Revenue Receipts of Village Panchayats of Dadra & Nagar Haveli

Heads	(Rs in lakhs)						
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Tax Revenue	102.47	111.7	126.45	160.89	200.7	188.18	253.9
<i>of which</i>							
House Tax	97.4	107.4	124.14	155.94	195.32	182.95	248.27
Other Taxes on Commodities & Services	5.07	4.3	2.31	4.95	5.38	5.23	5.63
Non-Tax Revenue	2.95	2.04	1.27	2.62	1.26	2.63	2.35
<i>of which</i>							
Misc. General Services	2	1.3	1.08	2.32	1.15	2.58	2.23
Housing	0.95	0.74	0.19	0.3	0.11	0.05	0.12
Grand Total	105.42	113.74	127.72	163.51	201.96	190.81	256.25

Source: Communication of UT Administration of Dadra & Nagar Haveli to the Finance Commission.

3.29 When we look at the expenditure pattern of the village Panchayat, unlike in the case of District Panchayat, despite having only nominal staff, the establishment and administrative costs are almost as much as these on developmental expenditure. This is also due to the fact that their development expenditure is too little. Clearly it is required that more funds be given to the Panchayats so that they provide at least the basic core services in the local areas..

TABLE 3-16

Expenditure Pattern of Village Panchayats of Dadra & Nagar Haveli

Heads	(Rs. In Lakhs)						
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Establishments/ Administrative Expenses							
Salaries	15	16.18	18.16	23.25	28.72	27.13	36.44
Office Expenses	26	28.05	31.5	40.32	49.8	47.05	63.19
Expenses for Grama Sabha, Ward Sabha, Panchayat Meetings & Cultural Programmes	10	10.81	12.13	15.53	19.19	18.13	24.34
Total	51	55.04	61.79	79.1	97.71	92.31	123.97
Developmental Expenditure							
Community Development Works	57.92	59.76	62.87	70.82	76.35	76.88	91.42
Water Supply & Sanitation	31	33.44	37.56	48.09	59.4	56.12	75.36
Total	88.92	93.2	100.43	118.91	135.75	133	166.78
Grand Total	139.92	148.24	162.22	198.01	233.46	225.31	290.75

Source: Communication of UT Administration of Dadra & Nagar Haveli to the Finance Commission

TABLE 3-17

Grants to the Local Bodies from the UT Budget (Dadra & Nagar Haveli)

Year	Grants						Total Grants to UT Administration
	District Panchayat	% of Total UT Grant Alloted to DP	Village Panchayat	% of Total UT Grant Alloted to VP	Municipalities	% of Total UT Grant Alloted to MC	
2002-03	569.90	1.55	34.50	0.09	-	-	36762
2003-04	1104.90	2.44	34.50	0.08	-	-	45206
2004-05	1108.62	2.25	34.50	0.07	-	-	49337.45
2005-06	1336.55	2.16	34.50	0.06	44.00	0.07	61870.67
2006-07	1434.48	1.77	31.50	0.04	77.00	0.10	80843.19
2007-08	2707.50	2.75	34.50	0.04	455.00	0.46	98343.33
2008-09	4065.00	2.73	34.50	0.02	1303.00	0.87	149022

Source: Communication of UT Administration of Dadra & Nagar Haveli to the Finance Commission

3.30 In Table 3-17, grants to the local bodies in rupee terms as well as a percentage of the total budget of The UT administration is presented to understand the quantum of devolution and its relative incidence on UT administrations budget. This again brings out the miniscule amount being given to the Panchayati Raj institutions and Municipalities. These amounts need to be stepped up to make these institutions perform all their obligatory functions.

3.31 Table 3-18 shows the percentile break up of grants to the local bodies bringing out the almost negligible share of non-plan grants. This leaves the local bodies helpless in operating and maintaining assets devolved to them and those which are created under plan schemes. This hampers their functioning and being strapped for funds renders them powerless and their functioning becomes ineffective. This defeats the very purpose and concept of Panchayati Raj.

3.32 The Silvassa Municipal Council is of recent origin. It was established only in February 2006. It barely covers an area of 17 Sq. kms and has population of a little over two lakhs going by the last census figures. A few regulatory functions are being performed by the Municipal Corporation. However, for the current year under the National Urban Renewal Mission project a water supply augmentation scheme worth Rs. 25 crores and an underground Sewerage Scheme at a cost of Rs. 20 crores are being undertaken. In these projects, the Centre is giving grants upto 80% of the total project cost. Under the Integrated Housing Schemes and Slum Development project there is a proposal to construct a community health centre at Silvassa. Ninety percent of the total cost of Rs. Fifty lakhs of this project is funded by the Union Government.

3.33 Returning to examine the fiscal situation of the Municipal Corporation it is seen in the Table 3-20 that its own revenues being generated through taxes as well as non-tax sources. The revenue from both these sources were barely Rs. 2 crores in 2008-09 while its expenditure was well over Rs. 15 crores. This deficit was made up by grants-in-aid of Rs. 13 crores from the UT administration.

TABLE 3-18

Assistance to Local Bodies as % Total Budget of Dadra and Nagar Haveli

	2005-06			2006-07			2007-08			2008-09 Revised Estimates			2009-10 Budget Estimates		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Assistance to ZP/Panchayats as % Total Budget of Dadra and Nagar Haveli	15.76810085	0.62749	2.215993	16.20127	0.441035	1.813362	21.50883	0.669533	2.788191	30.18103	0.572437	2.778449	22.82665	0.424373	2.110069
Assistance to Municipalities/MC as % Total Budget of Dadra and Nagar Haveli	0.292700812	0.045143	0.071116	0.738694	0.033874	0.095246	4.10073	0.050937	0.462665	10.66378	0.089908	0.877723	10.4633	0.079421	0.860773
Total	16.06080166	0.672633	2.28711	16.93996	0.474908	1.908609	25.60956	0.72047	3.250856	40.84482	0.662345	3.656172	33.28995	0.503794	2.970842

Source: Communication of UT Administration of Dadra & Nagar Haveli to the Finance Commission

TABLE 3-19

Resources and Expenditure of Urban Local Bodies

(Rupees in Lakhs)

Year	Silvassa Municipal Council									
	Expenditure		Sources of Revenue					Sources of Capital		
	Revenue	Capital	Own Revenue		Assignment of Taxes	Devolution of Tax Revenue ¹	Grants in Aid	Others		
			Tax	Non-Tax						
2002-03*	0	0	0	0	0	0	0	0	0	0
2003-04*	0	0	0	0	0	0	0	0	0	0
2004-05*	0	0	0	0	0	0	0	0	0	0
2005-06	27.22	0	87.05	10.53	0	0	44.00	0	0	0
2006-07	240.02	0	111.87	39.43	0	0	77.00	0	0	0
2007-08	418.91	0	114.94	57.59	0	0	455.00	0	0	0
2008-09	1586.81	0	130.53	70.16	0	0	1303.00	0	0	0

N.B.-

1. * Silvassa Municipal Council started functioning in the year 2005-06.

2. The entire Revenue Receipts collected by the UT Administration are credited to the consolidated fund of India.

Source: Communication of UT Administration of Dadra & Nagar Haveli to the Finance Commission

3.34 Table 3-21 examines the expenditure pattern of Silvassa Municipality from its inception in 2005-06 to 2008-09. The establishment costs are low showing that the Municipality is in its nascent stage. The development expenditure is being rapidly increased and the main focus is on connectivity especially building roads. Water supply and the power sector also receive budgetary attention. More focus should be given to public works so that the Municipality provides civic service to its citizens.

TABLE 3-20

Expenditure Pattern of Municipality (Silvassa) of Dadra & Nagar Haveli

Heads	(Rs. In Lakhs)						
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Establishments/							
Administrative Expenses							
Salaries	0	0	0	4.27	9.64	18.29	27.69
Office Expenses	0	0	0	6.33	4.45	5.03	10.33
Vehicles	0	0	0	9.26	12.61	12.35	14.65
Advertisement & Publicity	0	0	0	0.85	5.69	6.72	7.17
Professional Services	0	0	0	0	0	0.51	12.73
Office Equipments	0	0	0	1.05	0	0	0
Developmental							
Expenditure							
2801- Power	0	0	0	0	0	43.64	194.51
3054 - Roads & Bridges	0	0	0	3.21	52.42	136.68	933.97
2217 - Urban Development	0	0	0	0	121	67.09	153.97
2215 - Water Supply & Sanitation	0	0	0	2.25	8.56	93.46	177.22
Public Works	0	0	0	0	25.65	35.14	54.71
Total	0	0	0	27.22	240.02	418.91	1586.95

Source: Communication of UT Administration of Dadra & Nagar Haveli to the Finance Commission.

TABLE 3-21

Own Revenue Receipts of Municipality of Dadra & Nagar Haveli

Heads	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Tax Revenue	0	0	0	87.05	111.87	114.94	130.53
of which							
House Tax	0	0	0	81.44	95.19	93.46	106.18
Other Taxes	0	0	0	5.61	16.68	21.48	24.35
on							
Commodities							
& Services							
Non Tax	0	0	0	10.53	39.43	57.59	70.16
Revenue of							
which							
Interest	0	0	0	0	3.07	3.12	0
Receipts							
Public Works	0	0	0	0	16.92	33.32	45
Miscellaneous	0	0	0	10.53	12.96	13.1	16.2
General							
Service							
Water Supply	0	0	0	0	5.13	6.12	6.05
& Sanitation							
Other	0	0	0	0	1.35	1.93	2.91
Economic							
General							
Service							
Total							
Revenue	0	0	0	97.58	151.3	172.53	200.69

Source: Communication of UT Administration of Dadra & Nagar Haveli to the Finance Commission.

3.35 Table 3-22 shows disaggregated picture of both the tax receipts as well as non-tax receipts collected by Silvassa Municipality since its inception in fiscal year 2005-06. The main source of tax revenue is house tax while there is reasonable income from the income head public works under non-tax revenue receipts. However, the total revenue collection of under Rs. 3 crores is paltry given the ambitious plans of the Municipal Corporation. Hence grant-in-aid by the government seems to be the only feasible solution rather than the unpalatable cuts in development activities.

3.36 Despite its nascent origins the Municipal Council has grandiose plans. They have prepared an ambitious perspective plan which aims to spend Rs. 450 crores over the next ten years. They plan to run the entire gamut of public services especially providing better roads, water supply, sewerage facilities as well as providing power to the citizen of Silvassa. The Finance Commission members met the Chairman and other Municipal Councillors. They expressed a keen desire to provide better services and had prepared a vision document for providing improved civic services. However, they strongly urged their need for funds and staff from the administration.

3.37 Table 3-18 shows the assistance to the Municipal Corporation by the UT administration. Though the amount is increasing over the years especially on the Plan side, the amount is still rather insignificant. Clearly a lot more needs to be done especially on the non-plan side. A large influx of grants will beef up the corporation and prepare it to discharge its civic duties responsibly.